

3Q of FY2021 Presentation Materials



H2O RETAILING CORPORATION

- 1 . Consolidated Financial Results
- 2 . Results by segment
- 3 . Department store business
- 4 . Supermarket business

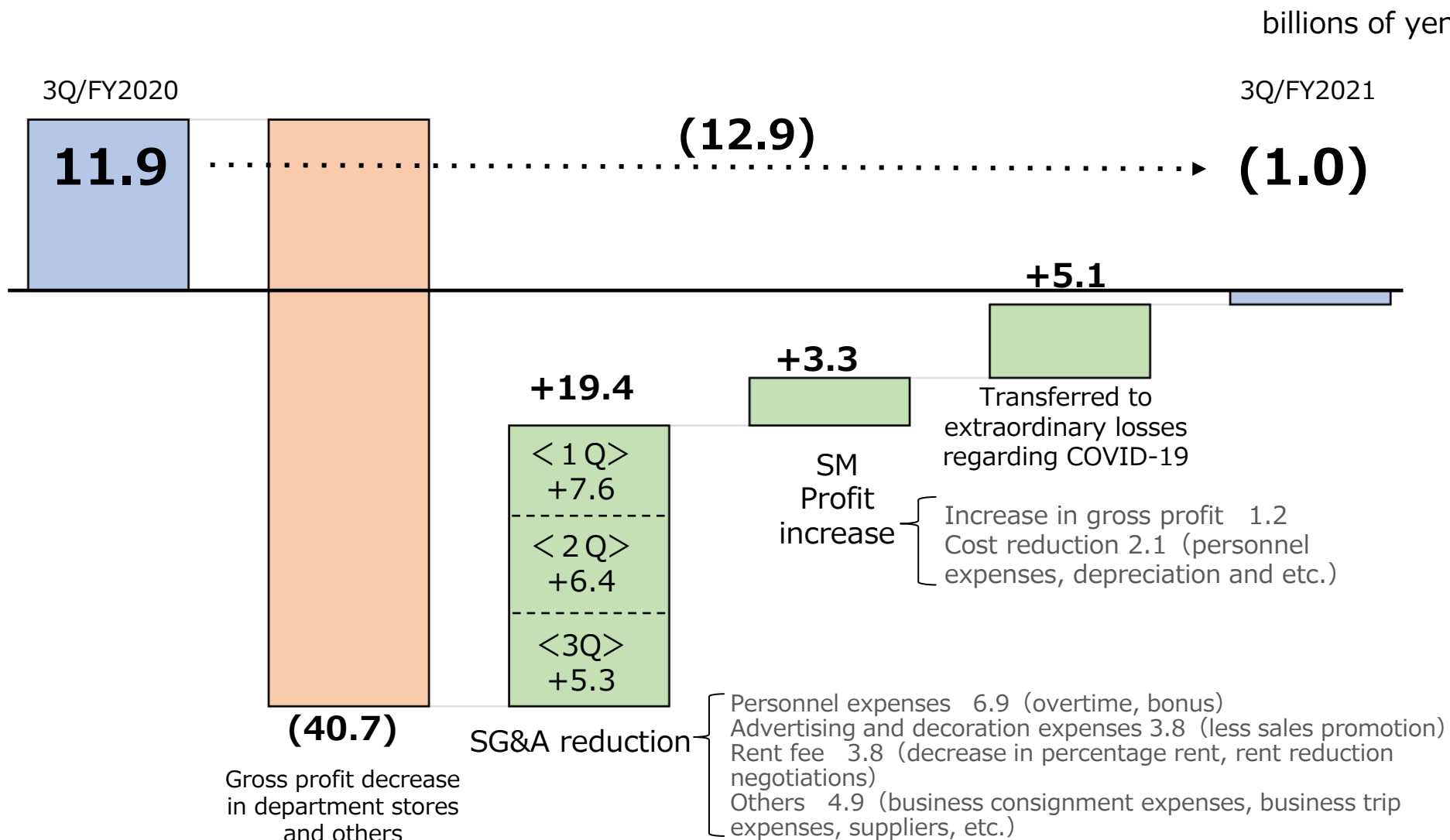
1. Consolidated Financial Results

- ▶ Sales decrease rate slowed and profit and loss returned black in 3Q due to sales recovery of department store
- ▶ recorded loss related to COVID-19 of ¥5.1 billion, impairment losses of ¥5.8 billion, etc. as extraordinary losses

| (billions of yen) | Amount | Amount | | | Inc./Dec. | YOY |
|----------------------|--------|--|-------|-------|-----------|---------|
| | | 1 Q | 2 Q | 3Q | | |
| Sales | 551.6 | 145.9 | 189.7 | 216.0 | (142.4) | (20.5)% |
| Operating profit | (1.0) | (3.3) <small>Incl. loss related to Covid-19 (8.2)</small> | (1.1) | 3.4 | (12.9) | — |
| Ordinary Profit | (0.1) | (3.0) | (1.4) | 4.3 | (12.4) | — |
| Extraordinary income | 3.0 | 0.0 | 2.4 | 0.6 | | |
| Extraordinary losses | 12.8 | 5.2 | 6.2 | 1.3 | | |
| Profit | (8.1) | (6.1) | (4.0) | 2.0 | (10.6) | — |

1. Consolidated Financial Results—Factors affecting OP

▶ Mitigating the impact of a decrease in gross profit of department store by sales increase in supermarkets and reducing SG&A



2. Results by segment

- ▶ Sales decrease rate slowed and profit and loss returned black in 3Q due to sales recovery of department store
- ▶ strong sales in SM business led by heightened eating-at-home demand
- ▶ Amount affected by Izumiya restructuring in SM and SC business segment
Sales ¥58.6 billion, OP ¥(3.3) billion

| (billions of yen) | Sales | | | OP | |
|--------------------------|--------|---------|---------|--------|--|
| | Amount | YOY | | Amount | YOY |
| Department store | 252.7 | (117.9) | (31.8)% | (1.0) | (11.7) |
| Supermarket | 214.5 | (56.1) | (20.7)% | 4.5 | 5.6 <small>3 companies of SM 4.8[+6.6] Food manufacturing and other (0.3)[(1.0)]</small> |
| Shopping center | 50.0 | 43.9 | 710.9% | 0.3 | (2.8) |
| Other | 34.3 | (12.3) | (26.3)% | (1.4) | (5.1) |
| Consolidation Adjustment | | | | (3.4) | (1.1) |
| Consolidated | 551.6 | (142.4) | (20.5)% | (1.0) | (12.9) |

Actual +2.4

Actual +0.5

3. Department store business

- ▶ Although there were signs of a recovery at a time, the re-expansion of the "third wave" of infections, the number of customers remained at a low level
- ▶ reduced costs due to less promotion and the revision of each spending (cost transferred to loss related to COVID-19 is ¥4.3 billion)

Hankyu Hanshin Department stores Inc. + Kobe/Takatsuki business

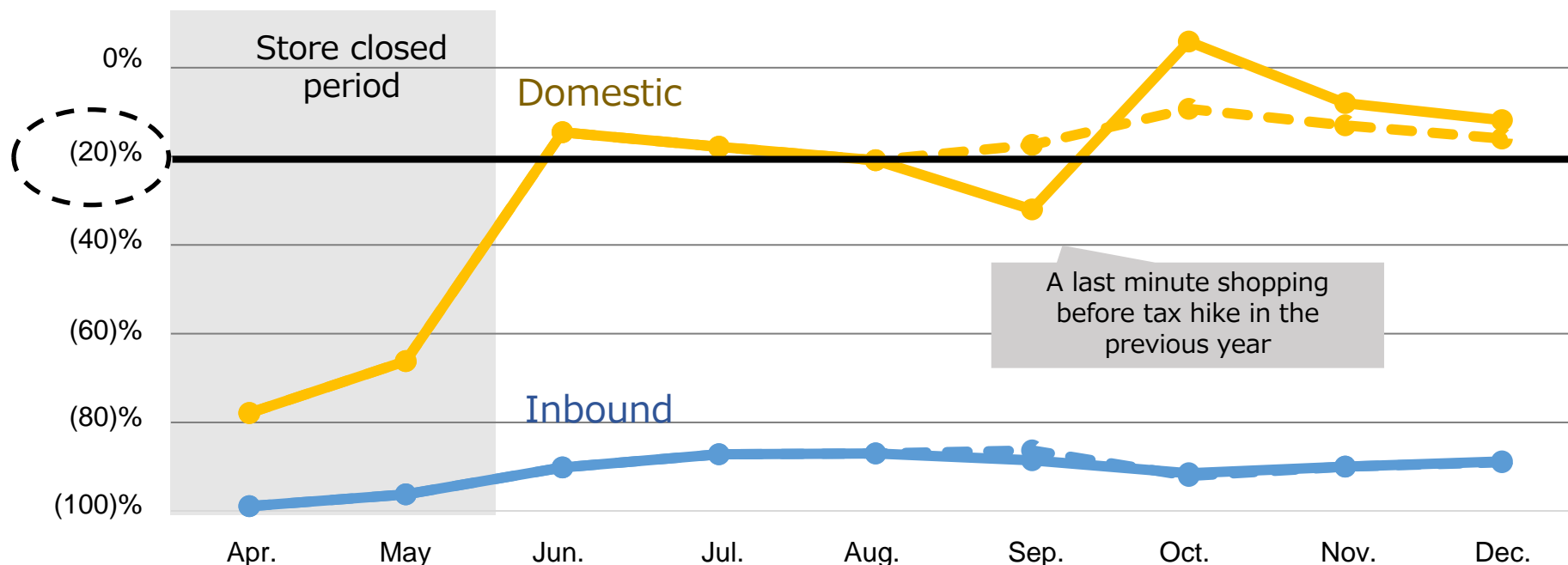
| (billions of yen) | Amount | Amount | | | Inc./Dec. | YOY |
|-------------------------|--------|--------|-------|-------|-----------|---------|
| | | 1 Q | 2 Q | 3 Q | | |
| Net Sales | 251.1 | 48.1 | 89.1 | 113.9 | (117.3) | (31.8)% |
| Gross Profit | 57.8 | 11.0 | 20.3 | 26.5 | (30.0) | (33.6)% |
| Gross Profit margin | 23.02% | 23.0% | 22.8% | 23.2% | (0.80)% | — |
| Other operating revenue | 2.2 | 0.5 | 0.8 | 0.8 | (0.4) | (16.7)% |
| SG & A | 60.7 | 14.4 | 21.6 | 24.7 | (19.0) | (23.8)% |
| Operating profit | (0.8) | (2.8) | (0.5) | (2.5) | (11.4) | — |

Incl. loss related to Covid-19 (7.0)

3. Department store business

- ▶ Sales trend of domestic customers were beyond forecast from October to December(Forecast : 20% decrease from the same period of FY2019)
Anticipating seesawing sales situation due to "Third wave" of infections and the declaration of state of emergency.
- ▶ Inbound sales have fallen by about 90%.

Existing stores sales versus those of FY2020 and FY2019 (domestic/inbound)
(solid line : FY2020, dotted line : FY2019)



4. Supermarket business

▶ OP in supermarket companies significantly rose by the high demand for eating at home, and the effect of IZ restructuring.

<Izumiya> Actual OP growth excluding the effect of restructuring : ¥1.3 billion

OP increase led by sales increase ¥0.1 billion
 decrease in personnel expenses due to restructuring in FY2020 ¥1.04 billion
 decrease in depreciation due to impairment losses in FY2020 ¥0.17 billion

<Hankyu Oasis>OP growth : ¥1.8 billion

OP increase led by sales increase ¥1.4billion
 decrease in depreciation due to impairment losses in FY2020 ¥0.39 billion

| (billions of yen) | Operating revenue | | | OP | | |
|-------------------|-------------------|---|-------------------|--------|---|---|
| | Amount | YOY [existing stores] | | Amount | YOY [existing stores] | |
| Izumiya | 101.4 | (60.3) Effect of restructuring (58.6) | (37.3)% [1.1%] | 3.0 | +4.6 Effect of restructuring +3.3 | — |
| Hankyu Oasis | 84.5 | +1.7 | 2.1% [1.3%] | 1.7 | +1.8 | — |



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